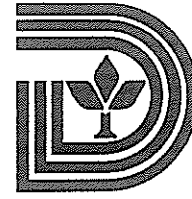


Memorandum

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CITY SECRETARY
DALLAS, TEXAS



CITY OF DALLAS

DATE October 7, 2010

TO Members of the Budget, Finance & Audit Committee:
Ann Margolin, Vice-Chair, Vonciel Jones Hill, Angela Hunt, Delia D. Jasso, Ron Natinsky, David A. Neumann

SUBJECT **Budget, Finance & Audit Committee Meeting**
Monday, October 11, 2010, 9:30 – 11:30 a.m.
1500 Marilla Street, City Hall, Room 6ES, Dallas, Texas 75201

AGENDA

1. Consideration of minutes from the September 27, 2010 Budget, Finance and Audit Committee Meeting
2. Communications Related to the FY 2009 - 10 Audit Ben Kohnle, Audit Partner
Grant Thornton, LLP
3. American Recovery and Reinvestment Act (ARRA) Status Report Rocky Vaz, Executive Officer of Fund Development, Management Services

FYI:

4. August 2010 Financial Forecast Report



Jerry R. Allen, Chair
Budget, Finance & Audit Committee

C: Honorable Mayor & Members of the City Council
Mary K. Suhm, City Manager
Deborah A. Watkins, City Secretary
Tom P. Perkins, City Attorney
Craig D. Kinton, City Auditor
Ryan S. Evans, First Assistant City Manager
A.C. Gonzalez, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest E. Turner, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer

A closed executive session may be held if the discussion concerns one of the following:

1. Contemplated or pending litigation or matter where legal advice is requested of the City Attorney. Section 551.071 of the Texas Open Meetings Act.
2. Personnel matters involving discussions of the qualifications for performance of identifiable individuals already employed or being considered for employment by the City. Section 551.074 of the Texas Open Meetings Act.
3. The deployment, or specific occasions for implementation of security personnel or devices. Section 551.074 of the Texas Open Meetings Act.
4. Discussions concerning sale or lease of real property, or negotiated contracts for donations to the City, when such discussions would have a detrimental effect on negotiating position of the City. Section 551.072 of the Texas Open Meetings Act.

**BUDGET, FINANCE, AND AUDIT COMMITTEE
DRAFT MEETING MINUTES
September 27, 2010**

The Council's Budget, Finance, and Audit Committee meetings are recorded. Agenda materials and audiotapes may be reviewed by contacting the City Manager's Office Staff Coordinator Laura L. Carrillo at 214-670-7804.

Meeting Date: September 27, 2010

Committee Members Present:

Jerry R. Allen, Chair, Ann Margolin, Vice – Chair, Vonciel Jones Hill, Angela Hunt, Delia D. Jasso, Ron Natinsky, David A. Neumann

Staff Members Present:

Jeanne Chipperfield, Laura Carrillo, Shelia Robinson, Edward Scott, Corrine Steeger, Daley Lehmann, Rhonn Ramirez, Jeannie Eneh, Warren Ernst

Committee Members Absent:

None

Other Council members present who attended a partial or duration of the meeting:

None

Meeting called to order at 9:33 a.m.

AGENDA:

1. Consideration of Minutes from September 14, 2010 Budget, Finance, and Audit

Presenter(s):

Information Only:

Action Taken/Committee Recommendation(s):

Motion made by: David A. Neumann

Motion seconded by: Ann Margolin

Note: The motion passed unanimously

Follow up:

2. General Obligation Debt Issuance October 2010

Presenter(s): Corinne Steeger

Information Only:

Action Taken/Committee Recommendation(s): The Budget, Finance and Audit Committee made a motion to recommend the approval of parameters ordinances to full City council on the October 13, 2010 Addendum.

Motion made by: David A. Neumann

Motion seconded by: Ann Margolin

Note:

Follow up:

FYI Only:

3. **FY 2008 09 End of Year Report**

Presenter(s): Jeanne Chipperfield

Information Only: Yes

Action Taken/Committee Recommendation(s):

Motion made by:

Note:

Follow up:

4. **July 2010 Financial Forecast Report**

Presenter(s): Jeanne Chipperfield

Information Only: Yes

Action Taken/Committee Recommendation(s):

Motion made by:

Note:

Follow up:

Meeting adjourned at 10:10 a.m.

Memorandum



DATE October 7, 2010

TO Members of the Budget, Finance & Audit Committee:
Jerry R. Allen, Chair, Ann Margolin, Vice-Chair, Vonciel Jones Hill, Angela Hunt, Delia D. Jasso, Ron Natinsky, David A. Neumann

SUBJECT Communications Related to the FY 2010 Audit

The Budget, Finance & Audit Committee's October 11, 2010 agenda includes the Subject briefing. Mr. Ben Kohnle, Audit Partner for Grant Thornton, LLP will brief the Committee. His briefing materials are attached.

Please contact me if you need additional information.



Jeanne Chipperfield
Chief Financial Officer

Attachment

C: Honorable Mayor & Members of the City Council
Mary K. Suhm, City Manager
Deborah A. Watkins, City Secretary
Tom P. Perkins, City Attorney
Craig D. Kinton, City Auditor
Ryan S. Evans, First Assistant City Manager
A.C. Gonzalez, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest E. Turner, Assistant City Manager

Preliminary Meeting with the Budget, Finance and Audit Committee

City of Dallas, Texas

Communications Related to the FY 2010 Audit

October 11, 2010

Attendees:

Ben Kohnle – Partner

Kirt Seale – IT Principal

Rusty Hale – Sr Manager

Fulya Bayolken – Manager

Communications Related to the Audit

Responsibilities

Scope and timing

Key Areas of Focus

IT Control Update

Our responsibilities

- Perform an audit
 - An audit provides reasonable, not absolute assurance
- Form and express an opinion about whether the financial statements prepared by management, with your oversight:
 - Are materially correct
 - Are fairly presented
 - Conform with generally accepted accounting principles
- Communicate specific matters to you

An audit does not relieve you or management of your responsibilities.

Our responsibilities

Single Audit

- Appropriately plan the audit by considering control risks
- Form and express an opinion regarding:
 - Schedule of Federal Expenditures
 - Schedule of State Expenditures
 - Compliance with major program requirements
 - Internal control over compliance
 - Summarize findings and questioned costs

Our responsibilities for other information in the CAFR, such as management discussion and analysis

- Read the other information (we do not corroborate it)
- Consider whether it is materially inconsistent with the financial statements
- Call to management's attention identified material inconsistencies or misstatements of fact, if any

Remember, our responsibility does not extend beyond our report.

Management's responsibilities

- Preparing and fairly presenting the financial statements and schedule of expenditures of Federal and State awards
- Establishing and maintaining effective internal control over financial reporting and compliance
- Providing us with written representations
 - A copy of the representations will be provided to you at the end of the audit

Communications Related to the Audit

Responsibilities

Scope and timing

Key Areas of Focus

IT Control Update

We approach your audit by...

- Understanding your organization and the environment you operate in
- Using that knowledge and understanding to analyze your financial statements
- Determining materiality
- Identifying areas more likely to be materially misstated
- Focusing audit attention and effort on those areas
- Testing compliance with direct and material compliance requirements (OMB Circular A-133)

Materiality

- Magnitude of an omission or misstatement that likely influences a reasonable person's judgment
- Based on relevant financial statement benchmarks
 - We believe total assets or total revenues (based on the type of fund) is an appropriate benchmark for the City
- Financial statement line items $>$ materiality are in scope
- Other areas $<$ materiality may be in scope if qualitative factors are present (e.g., related party transactions, fraud risk, bond coverage requirements, etc.)

Audit timeline

Financial statement and OMB Circular A-133 audit

Audit planning	August – October 2010
Preliminary OMB A-133 procedures	September – October 2010
Preliminary financial procedures	October 2010
Final procedures	March – May 2010
Status meeting with management	Bi-weekly
Closing meeting with management	TBD
Budget, Finance and Audit Committee closing meeting	TBD

Engagement Team

Audit

Ben D. Kohnle – Engagement Partner	<u>ben.kohnle@gt.com</u>	214-561-2260
Dan Barron – Quality Control Partner	<u>dan.barron@gt.com</u>	214-561-2440
Rusty Hale – Senior Manager	<u>rusty.hale@gt.com</u>	214-561-2380
Fulya Bayolken – Manager	<u>fulya.bayolken@gt.com</u>	214-561-2614
Todd Herlin – Senior	<u>todd.herlin@gt.com</u>	214-561-2286
Danielle Bolin – Senior	<u>danielle.bolin@gt.com</u>	214-561-2621

Business Advisory

Kirt Seale –Principal	<u>kirt.seale@gt.com</u>	214-561-2367
Heather Segura – Manager	<u>heather.segura@gt.com</u>	214-561-2633
Jeremy Huval - Senior	<u>jeremy.huval@gt.com</u>	214-561-2583

Reports to be issued

- Audits:
 - Comprehensive annual financial report (CAFR)
 - Single audit (OMB Circular A-133)
- Separate reports:
 - Airport Revenues Fund and Passenger Facility Charge compliance
 - Dallas Water Utilities
 - DDDA TIF
 - Vickery Meadows TIF
 - Love Field Modernization Corporation
 - TCEQ financial assurance agreed-upon procedures
- Internal control deficiency letter

Communications Related to the Audit

Responsibilities

Scope and timing

Key Areas of Focus

IT Control Update

Key Areas of Focus – CAFR

Critical Areas	Assertions
Water and Sewer revenue	Existence and Occurrence
Grant Revenue	Existence and Occurrence
Capital Assets	Completeness & Existence and Occurrence
Expenditures	Completeness

Other Key Areas:

- Governance
- Fraud inquiries
- Information technology
- Adequacy of disclosures
- Investments
- Assess corrective actions of management on prior year findings

Key Areas of Focus – Single Audit

Anticipated Major Programs (based on preliminary numbers)

Federal:

- CDBG - Entitlement and (HUD Administered) Small Cities Cluster
- HOME Investment Partnerships Program
- Edward Byrne Memorial Justice Assistance
- Edward Byrne Memorial Justice Assistance – ARRA
- COPS Hiring Recovery Program
- Law Enforcement Technology and Camera Monitoring Staff – ARRA
- Weatherization Assistance Program –ARRA
- Energy Efficiency and Conservation Block Grant – ARRA
- Homeless Prevention and Rapid Re-Housing Program – ARRA
- Special Supplemental Nutrition Program for Women, Infants, and Children
- Workforce Investment Act cluster
- Airport Improvement Program Grant Fund

Key Areas of Focus – Single Audit

Anticipated Major Programs (based on preliminary numbers)

State:

- Homeless Housing and Service Program
- Commercial Auto Theft Prevention Authority

Communications Related to the Audit

Responsibilities
Scope and timing
Key Areas of Focus
IT Control Update

Update on IT Control Testing

- The scope of the IT Controls Testing included the following IT governance areas:
 - Security Administration
 - Program Maintenance
 - Program Execution
- The following applications were included in our review:
 - General ledger/financial system (AMS)
 - Pay1 billing system (SAP)

Update on IT Control Testing

- Our testing confirmed that 14 of 15 deficiencies noted in the prior year had been remediated as of September 30, 2010.
- The remaining deficiency relates to our finding that batch processing-related privileges within SAP were not appropriately restricted as of September 30, 2010.
 - *Management response: Remediation was delayed to ensure the FY10 year-end closing was not impacted. Remediation is expected by December 2010.*
- Four additional findings noted in the current year were also remediated as of September 30, 2010.
- The IT Control Testing is currently being finalized and will be incorporated into our overall audit approach.

Questions



Memorandum



DATE October 7, 2010

TO Members of the City Council Budget, Finance, and Audit Committee: Jerry Allen, Chair; Ann Margolin, Vice Chair; Vonciel Jones Hill; Angela Hunt; Delia Jasso; Ron Natinsky; and David A. Neumann

SUBJECT American Recovery and Reinvestment Act (ARRA) Status Report

Attached please find an ARRA Formula and Competitive Grant Tracking spreadsheet. The spreadsheet provides an overview of grant status, including award amount, amount expended year-to-date, amount expended inception to-date, amount reimbursed, percentage of grant unexpended, and other details. The sheet has been subdivided into the following four sections:

- Formula Based Funding Awards
- Federal and State Competitive Based Funding Awards
- Pending Federal and State Competitive Applications

Please contact me if you need additional information.



Jeanne Chipperfield
Chief Financial Officer

c: Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Deborah Watkins, City Secretary
Thomas P. Perkins, Jr., City Attorney
Craig Kinton, City Auditor
Ryan S. Evans, First Assistant City Manager
Forest Turner, Assistant City Manager
A.C. Gonzales, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Frank Libro, Public Information Officer

CITY OF DALLAS
American Recovery and Reinvestment Act of 2009 - Status Updates as of September 30, 2010

FORMULA BASED FUNDING AWARDED											
Submission Type	Program Name	Submission Description	Amount Awarded	Amount Expended YTD	Amount Expended Inception-to-Date	Amount Reimbursed	Differential	Encumbered	Unexpended	% of Grant Unexpended	Performance Period
Federal Formula	Internet Crimes Against Children Initiatives	Full salary and benefits of one existing and one new detective, skills training, computers and equipment	\$ 776,503.00	\$ 250,693.39	\$ 310,942.55	\$ 181,234.90	\$ (129,707.65)	\$ -	\$ 465,560.45	59.96%	48 months
SUBTOTAL ICAC:			\$ 776,503.00	\$ 250,693.39	\$ 310,942.55	\$ 181,234.90	\$ (129,707.65)	\$ -	\$ 465,560.45	59.96%	
Federal Formula	Byrne	Funding for 41 new police officers, personal equipment for officers, 66 squad cars; salaries and programmatic expenses for 4 Community Prosecutors for non-CDBG areas; salaries and programmatic expenses for 4 case managers for ex-offender reentry; and one grant coordinator	\$ 7,258,077.29	\$ 5,161,871.23	\$ 5,161,871.23	\$ 5,161,871.23	\$ -	\$ 2,096,205.06	\$ 2,096,206.06	28.88%	48 months
SUBTOTAL BYRNE:			\$ 7,258,077.29	\$ 5,161,871.23	\$ 5,161,871.23	\$ 5,161,871.23	\$ -	\$ 2,096,205.06	\$ 2,096,206.06	28.88%	
Federal Formula	Energy Efficiency & Conservation Block Grant (multiple projects)	Sustainable Communities Initiative - approx. 420 weatherization/minor repair projects @ \$5,000 each in designated NIP areas. Includes installation of energy efficient appliances, energy audits, and energy star inspections.	\$ 2,338,589.00	\$ 142,108.59	\$ 142,108.59	\$ 128,446.26	\$ (13,662.33)	\$ 353,692.58	\$ 2,196,480.41	93.92%	36 months
		Green Building Office - Administered by the Building Inspection Department, the goal is to train and integrate green inspection practices into all building inspections and to integrate green requirements into development, plan review and permitting. This component also supports the City's Green Building Ordinance for all new residential and commercial buildings which goes into effect October 1, 2009	\$ 688,000.00	\$ 300,006.42	\$ 300,006.42	\$ 300,006.42	\$ -	\$ -	\$ 387,993.58	56.39%	36 months
		Priority major maintenance, repair, and upgrade (energy/water efficiency) for city-owned/operated facilities. The goal of this component is to increase energy efficiency, reduce energy consumption beyond the 5% required by the Texas legislature, and reduce energy costs through energy efficiency improvements in City facilities.	\$ 8,953,653.00	\$ 1,341,963.96	\$ 1,341,963.96	\$ 1,335,212.34	\$ (6,751.62)	\$ 1,913,773.59	\$ 7,611,689.04	85.01%	36 months
		Oversight & Reporting	\$ 807,058.00	\$ 300,703.00	\$ 300,703.00	\$ 300,703.00	\$ -	\$ -	\$ 506,355.00	62.74%	36 months
SUBTOTAL EECBG:			\$ 12,787,300.00	\$ 2,084,781.97	\$ 2,084,781.97	\$ 2,064,368.02	\$ (20,413.95)	\$ 2,267,466.17	\$ 10,702,518.03	83.70%	

CITY OF DALLAS
American Recovery and Reinvestment Act of 2009 - Status Updates as of September 30, 2010

FORMULA BASED FUNDING AWARDED (cont.)											
Submission Type	Program Name	Submission Description	Amount Awarded	Amount Expended YTD	Amount Expended Inception-to-Date	Amount Reimbursed	Differential	Encumbered	Unexpended	% of Grant Unexpended	Performance Period
Federal Formula	CDBG-R (multiple projects)	MLK Center facility upgrades to improve customer service (roof replacement, HVAC, structural study, ADA improvements, cabinet replacement, parking lot improvements, carpet replacement, interior/exterior painting).	\$ 2,548,000.00	\$ 59,610.00	\$ 59,610.00	\$ -	\$ (59,610.00)	\$ 253,376.85	\$ 2,488,390.00	97.66%	36 months
		West Dallas Multi-Purpose Center facility upgrades to improve customer service (fire sprinkler and alarm, HVAC system, and interior painting)	\$ 316,000.00	\$ 6,890.00	\$ 6,890.00	\$ -	\$ (6,890.00)	\$ 30,817.74	\$ 309,110.00	97.82%	36 months
		Sidewalk improvements	\$ 662,180.00	\$ 221,123.57	\$ 221,123.57	\$ 176,659.91	\$ (44,463.66)	\$ 428,895.33	\$ 441,056.43	66.61%	36 months
		Public Services including the community development and re-entry program, low birth weight program, community youth and senior program in West Oak Cliff, vocational training and employment for adults with disabilities, and the community food pantry and resources program	\$ 155,000.00	\$ 81,139.24	\$ 81,139.24	\$ 67,857.10	\$ (13,282.14)	\$ 73,859.86	\$ 73,860.76	47.65%	36 months
		West Dallas Community Court	\$ 200,645.00	\$ 142,377.99	\$ 142,377.99	\$ 133,300.63	\$ (9,077.36)	\$ 1,782.39	\$ 58,267.01	29.04%	36 months
		South Oak Cliff Community Court	\$ 348,598.00	\$ 136,562.53	\$ 136,562.53	\$ 121,994.70	\$ (14,567.83)	\$ 39,498.79	\$ 212,035.47	60.83%	36 months
		Oversight Reporting/Monitoring	\$ 470,046.00	\$ 112,200.40	\$ 112,200.40	\$ 109,898.68	\$ (2,301.72)	\$ -	\$ 357,845.60	76.13%	36 months
		SUBTOTAL CDBG-R:	\$ 4,700,469.00	\$ 759,903.73	\$ 759,903.73	\$ 609,711.02	\$ (150,192.71)	\$ 828,230.96	\$ 3,940,565.27	83.83%	
Federal Formula	Homelessness Prevention and Rapid Re-Housing	Homelessness Prevention and Rapid Re-Housing	\$ 6,671,542.00	\$ 2,356,157.15	\$ 2,356,157.15	\$ 1,962,790.59	\$ (393,366.56)	\$ 4,315,384.85	\$ 4,315,384.85	64.68%	36 months
		Oversight, Data Collection, Reporting/Monitoring	\$ 515,815.00	\$ 157,551.06	\$ 157,551.06	\$ 145,986.74	\$ (11,564.32)	\$ 358,263.94	\$ 358,263.94	69.46%	36 months
		SUBTOTAL HPRP:	\$ 7,187,357.00	\$ 2,513,708.21	\$ 2,513,708.21	\$ 2,108,777.33	\$ (404,930.88)	\$ 4,673,648.79	\$ 4,673,648.79	65.03%	
		TOTAL FEDERAL FORMULA FUNDS:	\$ 32,709,706.29	\$ 10,770,958.53	\$ 10,831,207.69	\$ 10,125,962.50	\$ (705,245.19)	\$ 9,865,550.98	\$ 21,878,498.60	66.89%	
State Formula		NIP and Citywide Weatherization Project	\$ 13,183,180.00	\$ 2,079,113.48	\$ 2,079,113.48	\$ 1,068,577.02	\$ (1,010,536.46)	\$ 4,397,294.00	\$ 11,104,066.52	84.23%	24 months
		TOTAL STATE FORMULA FUNDS:	\$ 13,183,180.00	\$ 2,079,113.48	\$ 2,079,113.48	\$ 1,068,577.02	\$ (1,010,536.46)	\$ 4,397,294.00	\$ 11,104,066.52	84.23%	
		COMBINED TOTAL - FEDERAL AND STATE FORMULA FUNDS:	\$ 45,892,886.29	\$ 12,850,072.01	\$ 12,910,321.17	\$ 11,194,539.52	\$ (1,715,781.65)	\$ 14,262,844.98	\$ 32,982,565.12	71.87%	

CITY OF DALLAS
American Recovery and Reinvestment Act of 2009 - Status Updates as of September 30, 2010

FEDERAL AND STATE COMPETITIVE GRANTS AWARDED											
Submission Type	Program Name	Submission Description	Amount Awarded	Amount Expended YTD	Amount Expended Inception-to-Date	Amount Reimbursed	Differential	Encumbered	Unexpended	% of Grant Unexpended	Performance Period
Federal Competitive	Clean Cities FY09 Petroleum Reduction Technologies Projects for the Transportation Sector	Alternative fuel vehicles, training, include retrofits and infrastructure	\$ 2,828,129.00	\$ 48,500.00	\$ 48,500.00	\$ -	\$ (48,500.00)	\$ -	\$ 2,779,629.00	98.29%	48 months
Federal Competitive	Cops Hiring Recovery Program (CHRP)	The City applied for the Salaries/Benefits of 150 Officers over 3 years. City was awarded \$8,896,300 million to hire and fund 50 officers for three years. The City received the maximum number of officers awarded to any city in the country.	\$ 8,896,300.00	\$ 1,749,247.39	\$ 1,749,247.39	\$ 1,089,030.23	\$ (660,217.16)	\$ -	\$ 7,147,052.61	80.34%	36 months
State Competitive	Homelessness Prevention & Rapid Re-Housing	Financial Assistance, Housing Relocation, Stabilization Services, Data Collection/Evaluation & Admin	\$ 790,316.00	\$ 656,185.88	\$ 656,185.88	\$ 581,211.95	\$ (74,973.93)	\$ 134,130.12	\$ 134,130.12	16.97%	24 months
State Competitive	JAG	Law Enforcement Initiatives Total for Three (3) Projects	\$ 696,227.00	\$ 671,796.81	\$ 671,796.81	\$ 671,796.81	\$ -	\$ -	\$ 24,430.19	3.51%	
	<i>JAG Project Breakdown</i>	<i>Servers/SAN Replacement VisiCad Software/Maintenance Monitoring - CBD Cameras</i>									
Federal Competitive	Transportation Investment Generating Economic Recovery	Regional Connections Between Downtown Dallas and Downtown Fort Worth; Linking Livability	\$ 23,000,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,000,000.00	100.00%	24 months
TOTAL FEDERAL AND STATE COMPETITIVE FUNDS:			\$ 36,210,972.00	\$ 3,125,730.08	\$ 3,125,730.08	\$ 2,342,038.99	\$ (783,691.09)	\$ 134,130.12	\$ 33,085,241.92	91.37%	

CITY OF DALLAS
American Recovery and Reinvestment Act of 2009 - Status Updates as of September 30, 2010

FUNDING AWARDED TO PARTNERS FOR TRANSPORTATION-RELATED PROJECTS										
Submission Type	Program Name	Submission Description	Amount Awarded							
Federal Formula	Federal Aid to Highways	Woodall Rogers Deck Park	\$ 16,700,000.00							
		Santa Fe Trestle Bridge Trail	\$ 3,547,603.00							
		LBJ/Skillman Pedestrian Bridge	\$ 1,042,221.00							
		Spring Valley/Coit Streetscape	\$ 474,016.00							
		Tenison Trail - East Dallas Veloway	\$ 1,982,128.00							
SUBTOTAL TXDOT:			\$ 23,745,968.00							
Federal Formula	Federal Aid to Highways	Industrial from Cadiz to Continental	\$ 15,500,000.00							
		Sylvan Avenue Bridge	\$ 10,560,000.00							
		IH-20 Eastbound Exit Ramp to Clark Road	\$ 2,000,000.00							
		Dallas CBD Streetcars	\$ 2,000,000.00							
		SUBTOTAL RTC:			\$ 30,060,000.00					
TOTAL TRANSPORTATION PROJECTS:			\$ 53,805,968.00							
PENDING COMPETITIVE APPLICATIONS										
Submission Type	Program Name	Submission Description	Submission Date	Tentative Award Date	Total Funds Available for Award	Total Amount Requested	Cost Share	Amount Awarded		
State Competitive	SECO	Renewable Technologies	5/1/2010	Dec-10	TBD	\$ 250,000.00	20.00%	TBD		
						\$ 250,000.00				

Memorandum



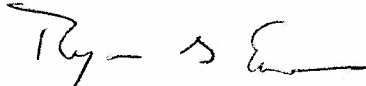
CITY OF DALLAS

DATE October 8, 2010
TO The Honorable Mayor and Members of the City Council
SUBJECT Financial Forecast Report

For your information, attached is the financial forecast for FY 2009-10, based on information through August. Mid-year appropriation adjustments approved on September 8, 2010 are included in this report. General Fund revenues are projected to be \$5,244,000 below budget and expenditures are projected to be \$9,206,000 below budget.

A number of major revenues are projected to be below budget. Therefore, expenditures have been reduced including operational savings, continued restrictive hiring freeze, reduction in growth in the police force and "belt tightening" throughout the organization. Additional savings are being realized as fuel prices and consumption are lower than anticipated.

We will continue to closely monitor revenues and expenditures and provide additional information as it becomes available.


Mary K. Suhm
City Manager

Attachment

c: Ryan S. Evans, First Assistant City Manager
A.C. Gonzales, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest Turner, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer

**GENERAL FUND
COMPARISON OF 2009-10 REVENUES AND EXPENDITURES
AS OF AUGUST 31, 2010
(000s)**

<u>ITEM</u>	<u>BUDGET*</u>	<u>YEAR TO DATE</u>	<u>YEAR-END FORECAST</u>	<u>BUDGET VS FORECAST VARIANCE</u>
Revenues	\$1,000,519	\$875,560	\$995,276	(\$5,244)
Expenditures	\$1,025,842	\$910,744	\$1,016,636	(\$9,206)
Sub Total	(\$25,323)	(\$35,184)	(\$21,360)	\$3,962
Use of one time resources	21,695		21,695	
Net Excess/(Deficiency) of Revenues Over Expenditures and Transfers to Reserves	<u>(\$3,628)</u>		<u>\$334</u>	

*As amended by Ordinance No. 27692 on September 8, 2010

**FINANCIAL FORECAST REPORT
FY 2009-10
AS OF AUGUST 31, 2010**

GENERAL FUND

Revenues

- Total General Fund revenues are estimated to be \$5,244,000 below budget.
 - AT&T Telephone revenues are projected to be \$1,141,000 below budget due to fewer customer accounts.
 - Atmos Energy revenues are projected to be \$1,993,000 above budget due to an increase in consumption during the winter months.
 - Time Warner Cable revenues are projected to be \$738,000 above budget due to more customers and rate increases.
 - Other Franchise Fees are projected to be \$1,070,000 above budget primarily due to increases in actual collections from AT&T Video as they continue to expand their systems and reach more customers.
 - Interest Earned is projected to be \$1,022,000 below budget primarily due to lower than budgeted interest rates.
 - Municipal Court revenues are projected to be \$2,192,000 below budget primarily due to a decrease in the number of citations issued.
 - Vehicle Towing and Storage revenues are projected to be \$1,371,000 above budget primarily due to towing of vehicles lacking proof of auto insurance.
 - Parking Fines revenues are projected to be \$1,273,000 below budget primarily due to the weak economy.
 - Red Light Camera Fines revenues are projected to be \$1,407,000 below budget due to decreased citations.
 - Private Disposal revenues are projected to be \$4,456,000 below budget primarily due to the weak economy.
 - Security Alarm revenues are projected to be \$634,000 below budget primarily due to less than anticipated fees for false calls.
 - Vital Statistics revenues are projected to be \$537,000 below budget due to a decrease in the number of requests for birth and death certificates.
 - Other Charges for Service revenues are projected to be \$2,652,000 below budget primarily due to lower than budgeted revenue from motor vehicle accident clean up fees and accident reports.
 - Interfund Revenue is projected to be \$3,769,000 above budget due to increased transfers from other City funds.
 - Miscellaneous revenues are projected to be \$886,000 above budget primarily due to unbudgeted revenue as a result of the utility audit.

Expenditures

- Total General Fund expenditures are estimated to be \$9,206,000 below budget.
 - The expenses for termination payments are included in the departments' estimates. The appropriations from the Salary and Benefit Reserve have been allocated to those departments.
 - Management Services is projected to be \$286,000 below budget primarily due to delays in hiring.
 - Liability/Claims Fund is projected to be \$500,000 below budget primarily due to less than anticipated funding requirements for liability claims.

FINANCIAL FORECAST REPORT
FY 2009-10
AS OF AUGUST 31, 2010

ENTERPRISE FUND

- Convention and Event Services revenues are projected to be \$5,517,000 below budget primarily due to lower than budgeted Hotel Occupancy Tax and other revenues sources impacted by lower than anticipated attendance at scheduled events. Expenses are projected to be \$3,425,000 below budget primarily due to delays in hiring and a lower than budgeted transfer to Convention and Visitors Bureau.
- Municipal Radio revenues are projected to be \$261,000 below budget due to lower than anticipated sales. Expenses are projected to be \$346,000 below budget due to delays in hiring.
- Water Utilities revenues are projected to be \$63,469,000 below budget due to lower than budgeted water pumpage. Expenses are projected to be \$63,469,000 below budget primarily due to vacancies and a reduced cash transfer to capital construction.
- Equipment Services revenues are projected to be \$2,840,000 below budget and expenses are projected to be \$2,028,000 below budget primarily due to lower than budgeted fuel prices.

OTHER FUNDS

- Employee Benefits expenses are projected to be \$131,000 below budget primarily due to delays in hiring.
- 9-1-1 System Operations revenues are projected to be \$1,487,000 above budget due to higher than anticipated revenue from service receipts.

**GENERAL FUND
FORECAST OF FY 2009-10 REVENUES
AS OF AUGUST 31, 2010
(000s)**

	<u>BUDGET</u>	<u>REVENUES YEAR TO DATE</u>	<u>YEAR-END FORECAST</u>	<u>BUDGET VS FORECAST VARIANCE</u>
TAXES				
Ad Valorem Tax	\$420,799	\$421,404	\$423,642	\$2,843
Sales Tax	206,574	154,103	203,848	(2,726)
FRANCHISE REVENUES				
Oncor Electric	48,658	48,641	48,641	(17)
AT&T	21,000	14,968	19,859	(1,141)
Atmos Energy	10,600	11,031	12,593	1,993
Time Warner Cable	5,800	5,447	6,538	738
Other	11,097	10,720	12,168	1,070
TOTAL TAXES & FRANCHISE REVENUES	724,528	666,314	727,289	2,761
LICENSES AND PERMITS	7,970	7,863	8,427	456
INTEREST EARNED	3,077	1,907	2,055	(1,022)
INTERGOVERNMENTAL	7,312	5,769	6,689	(622)
FINES AND FORFEITURES				
Municipal Court	19,382	15,963	17,189	(2,192)
Vehicle Towing & Storage	6,786	7,459	8,157	1,371
Parking Fines	8,788	6,027	7,515	(1,273)
Red Light Camera Fines	8,484	0	7,078	(1,407)
Public Library	611	572	652	42
TOTAL FINES	44,050	30,021	40,591	(3,459)
CHARGES FOR SERVICE				
Sanitation Service	60,545	56,387	60,405	(140)
Parks	7,602	7,097	7,715	113
Private Disposal Fees	23,552	16,561	19,096	(4,456)
Emergency Ambulance	19,250	15,914	19,250	0
Security Alarm	4,650	3,466	4,016	(634)
Street Lighting	1,392	1,012	1,750	358
Vital Statistics	2,390	1,716	1,853	(537)
Other	16,257	12,725	13,540	(2,717)
TOTAL CHARGES	135,638	114,878	127,627	(8,012)
INTERFUND REVENUE	68,331	34,601	72,100	3,769
MISCELLANEOUS	9,612	9,806	10,498	886
TOTAL REVENUE	1,000,519	871,158	995,276	(5,244)
USE OF ONE-TIME RESOURCES	21,695	0	21,695	0
TOTAL RESOURCES	\$1,022,214	\$871,158	\$1,016,971	(\$5,244)

**GENERAL FUND
FORECAST OF FY 2009-10 EXPENDITURES
AS OF AUGUST 31, 2010
(000s)**

DEPARTMENT	BUDGET	EXPENDITURES YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
Building Services	\$26,580	\$24,074	\$25,960	(\$620)
Business Dev/Procurement Svcs	\$3,154	\$2,614	\$3,126	(\$28)
City Attorney's Office	\$10,922	\$9,785	\$10,891	(\$32)
City Auditor's Office	\$2,254	\$1,952	\$2,178	(\$76)
City Controller's Office	\$7,329	\$6,118	\$7,199	(\$130)
City Manager's Office	\$1,872	\$1,651	\$1,797	(\$75)
City Secretary's Office	\$1,648	\$1,699	\$1,623	(\$25)
Civil Service	\$1,303	\$1,169	\$1,274	(\$28)
Code Compliance	\$28,561	\$24,782	\$28,306	(\$255)
Court Services	\$11,281	\$9,487	\$10,945	(\$336)
Elections	\$1,393	\$110	\$1,393	\$0
Fire	\$201,715	\$182,601	\$201,446	(\$269)
Housing / Community Services	\$8,122	\$7,544	\$7,740	(\$382)
Human Resources	\$3,177	\$2,560	\$3,045	(\$132)
Independent Audit	\$845	\$0	\$829	(\$17)
Judiciary	\$3,046	\$2,853	\$2,977	(\$69)
Library	\$22,396	\$19,682	\$22,186	(\$210)
Management Services	\$3,500	\$3,391	\$3,214	(\$286)
Mayor and Council	\$3,813	\$3,260	\$3,768	(\$45)
Non-Departmental	\$25,019	\$21,470	\$23,903	(\$1,116)
Office of Cultural Affairs	\$12,145	\$11,042	\$11,970	(\$174)
Office of Economic Development	\$2,633	\$2,489	\$2,570	(\$63)
Office of Financial Services	\$1,625	\$1,342	\$1,595	(\$30)
Park and Recreation	\$66,369	\$61,750	\$65,942	(\$427)
Police	\$418,677	\$370,004	\$417,259	(\$1,418)
Public Works and Transportation	\$14,580	\$19,305	\$14,260	(\$320)
Sanitation Services	\$74,461	\$64,171	\$74,066	(\$396)
Street Lighting	\$18,398	\$15,597	\$17,973	(\$425)
Street Services	\$27,711	\$24,431	\$26,827	(\$884)
Sustainable Dev/Construction	\$1,535	\$1,321	\$1,518	(\$17)
Trinity Watershed Management	\$739	\$1,366	\$721	(\$18)
<u>OTHER</u>				
Appraisal Districts	\$3,355	\$3,348	\$3,355	\$0
Dallas County Tax Collection	\$554	\$554	\$554	\$0
Jail Contract - Lew Sterrett	\$7,222	\$7,222	\$7,222	\$0
<u>RESERVES AND TRANSFERS</u>				
Contingency Reserve	\$200	\$0	\$200	\$0
Liability/Claims Fund	\$7,305	\$0	\$6,805	(\$500)
Salary and Benefit Reserve	\$400	\$0	\$0	(\$400)
EXPENDITURES	\$1,025,842	\$910,744	\$1,016,636	(\$9,206)

**PROPRIETARY FUNDS
FORECAST OF FY 2009-10 REVENUES AND EXPENDITURES
AS OF AUGUST 31, 2010
(000s)**

DEPARTMENT	BUDGET	REVENUES AND EXPENDITURES YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
<u>Aviation</u>				
Revenues	\$42,489	\$41,068	\$44,772	\$2,284
Expenses	\$42,878	\$30,343	\$41,510	(\$1,368)
Net Excess of Revenues Over Expenses/Transfer	(\$389)	\$10,725	\$3,262	\$3,652
<u>Convention Center</u>				
Revenues	\$60,076	\$46,456	\$54,559	(\$5,517)
Expenses	\$61,347	\$50,673	\$57,922	(\$3,425)
Net Excess of Revenues Over Expenses/Transfer	(\$1,271)	(\$4,217)	(\$3,363)	(\$2,092)
<u>Municipal Radio Fund</u>				
Revenues	\$2,919	\$2,605	\$2,659	(\$261)
Expenses	\$3,120	\$2,477	\$2,774	(\$346)
Net Excess of Revenues Over Expenses/Transfer	(\$201)	\$128	(\$116)	\$85
<u>Sustainable Dev/ Construction</u>				
Revenues	\$16,583	\$17,016	\$18,305	\$1,722
Expenses	\$16,631	\$14,715	\$16,254	(\$378)
Net Excess of Revenues Over Expenses/Transfer	(\$48)	\$2,300	\$2,051	\$2,100
<u>Water Utilities</u>				
Revenues	\$530,365	\$418,500	\$466,897	(\$63,469)
Expenses	\$530,365	\$368,942	\$466,897	(\$63,469)
Net Excess of Revenues Over Expenses/Transfer	\$0	\$49,557	\$0	\$0
<u>Communication & Information Svcs</u>				
Revenues	\$48,266	\$41,546	\$46,552	(\$1,715)
Expenses	\$49,426	\$43,016	\$49,221	(\$205)
Net Excess of Revenues Over Expenses/Transfer	(\$1,160)	(\$1,470)	(\$2,669)	(\$1,509)

**PROPRIETARY FUNDS
FORECAST OF FY 2009-10 REVENUES AND EXPENDITURES
AS OF AUGUST 31, 2010
(000s)**

DEPARTMENT	BUDGET	REVENUES AND EXPENDITURES YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
<u>Equipment Services</u>				
Revenues	\$48,026	\$27,933	\$45,187	(\$2,840)
Expenses	<u>\$47,885</u>	<u>\$38,512</u>	<u>\$45,857</u>	<u>(\$2,028)</u>
Net Excess of Revenues Over Expenses/Transfer	<u>\$142</u>	<u>(\$10,579)</u>	<u>(\$670)</u>	<u>(\$811)</u>
<u>Express Business Center</u>				
Revenues	\$4,266	\$3,452	\$4,072	(\$195)
Expenses	<u>\$4,384</u>	<u>\$3,932</u>	<u>\$4,246</u>	<u>(\$138)</u>
Net Excess of Revenues Over Expenses/Transfer	<u>(\$117)</u>	<u>(\$480)</u>	<u>(\$174)</u>	<u>(\$57)</u>

**OTHER FUNDS
FORECAST OF FY 2009-10 REVENUES AND EXPENDITURES
AS OF AUGUST 31, 2010
(000s)**

DEPARTMENT	BUDGET	REVENUES AND EXPENDITURES YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
<u>Employee Benefits</u>	\$724	\$451	\$593	(\$131)
<u>Risk Management</u>	\$1,264	\$1,115	\$1,264	\$0
<u>9-1-1 System Operations</u>				
Revenues	\$12,161	\$13,056	\$13,648	\$1,487
Expenses	<u>\$16,129</u>	<u>\$8,583</u>	<u>\$15,611</u>	<u>(\$519)</u>
Net Excess of Revenues				
Over Expenses/Transfer	<u>(\$3,969)</u>	<u>\$4,473</u>	<u>(\$1,963)</u>	<u>\$2,006</u>
<u>Storm Water Drainage</u>				
Revenues	\$44,674	\$45,681	\$48,158	\$3,484
Expenses	<u>\$49,117</u>	<u>\$34,329</u>	<u>\$48,145</u>	<u>(\$972)</u>
Net Excess of Revenues				
Over Expenses/Transfer	<u>(\$4,443)</u>	<u>\$11,352</u>	<u>\$13</u>	<u>\$4,456</u>

**DEBT SERVICE FUND
FORECAST OF 2009-10 REVENUES AND EXPENDITURES
AS OF AUGUST 31, 2010
(000s)**

<u>DEBT SERVICE</u>	<u>BUDGET</u>	<u>EXPENDITURES AND REVENUES YEAR TO DATE</u>	<u>YEAR-END FORECAST</u>	<u>BUDGET VS FORECAST VARIANCE</u>
Beginning Balance	\$30,458	\$0	\$31,044	\$586
Revenues	\$261,586	\$260,639	\$261,911	\$325
Expenses	\$289,164	\$288,803	\$288,803	(\$361)
Ending Balance	<u>\$2,880</u>	<u>(\$28,164)</u>	<u>\$4,152</u>	<u>\$1,272</u>

CONTINGENCY RESERVE STATUS

Beginning Balance October 1, 2009	\$5,123,005
Non-Departmental - Reimbursable deposit with the Texas Comptroller of Public Accounts Major Events Trust Fund for activities related to the 2010 NBA All-Star Game (October 28, 2009, CR# 09-2671)	(\$1,730,000)
City Secretary's Office - Implementation of the lobbyist registration program (November 9, 2009, CR# 09-2833)	(\$134,769)
Building Services - Security enhancements at City Hall (February 24, 2010, CR# 10-0532)	(\$331,000)
Management Services - Corrective actions at five leaking petroleum storage tank sites (May 12, 2010, CR# 10-1202)	(\$250,000)
Elections - Authorization of joint election agreements and election services between the City of Dallas, Dallas, Collin, and Denton counties (June 23, 2010, CR# 10-1714, CR# 10-1715, and CR# 10-1716)	(\$1,220,000)
Elections - Authorization of an increase in appropriations for additional expenses relating to temporary help to verify petitions for the November 2, 2010 special election (September 22, 2010, CR# 10-2464)	(\$90,000)
Balance as of September 30, 2010	<u>\$1,367,236</u>

LIABILITY/CLAIMS FUND

Beginning Balance October 1, 2009	\$9,203,980
Paid October 2009	(\$217,299)
Paid November 2009	(\$747,600)
Paid December 2009	(\$304,906)
Paid January 2010	(\$292,233)
Paid February 2010	(\$306,443)
Paid March 2010	(\$395,428)
Paid April 2010	(\$1,019,050)
Paid May 2010	(\$291,296)
Paid June 2010	(\$412,491)
Paid July 2010	(\$52,303)
Paid August 2010	(\$783,140)
Balance as of August 31, 2010	<u><u>\$4,381,791</u></u>